

AMENDED IN SENATE SEPTEMBER 6, 2013

AMENDED IN ASSEMBLY MAY 24, 2013

AMENDED IN ASSEMBLY APRIL 16, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1347

Introduced by Assembly Member Gray

February 22, 2013

An act to amend ~~Section~~ *Sections 19596.2 and 19604* of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL’S DIGEST

AB 1347, as amended, Gray. Horse racing: out-of-state thoroughbred races.

Existing law authorizes a thoroughbred racing association or fair to distribute the audiovisual signal and accept wagers on the results of out-of-state thoroughbred races conducted in the United States during the calendar period the association or fair is conducting a race meeting, including days on which there is no live racing being conducted by the association or fair, without the consent of the organization that represents horsemen and horsewomen participating in the race meeting and without regard to the amount of purses. Under existing law, the total number of thoroughbred races imported by associations or fairs on a statewide basis under these provisions ~~shall~~ *may* not exceed 50 per day on days when live thoroughbred or fair racing is being conducted in the state, with the exception of prescribed races, including races imported that are part of the race card of the Kentucky Derby, the Kentucky Oaks, the Preakness Stakes, the Belmont Stakes, the Jockey Club Gold Cup,

the Travers Stakes, the Arlington Million, the Breeders' Cup, the Dubai Cup, the Arkansas Derby, or the Haskell Invitational.

This bill would also exempt from the 50 race per day limitation, races imported that are part of the race card of the Wood Memorial.

Existing law authorizes advance deposit wagering to be conducted, with the approval of the California Horse Racing Board, in accordance with specified provisions of law. Existing law requires a certain percentage of wagers on out-of-state and out-of-country thoroughbred races conducted after 6 p.m., Pacific time, together with the total amount remaining from advance deposit wagering originating from California out-of-state and out-of-country harness and quarter horse races conducted at that time, to be distributed as commissions, as specified, based on the amount handled in state on each breed's own live races in the previous year by that association or its predecessor association.

This bill would instead require the amount to be based on the amount handled in state on each association's live races in the previous year by that association or its predecessor association. The bill would make other nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19596.2 of the Business and Professions
2 Code is amended to read:
3 19596.2. (a) Notwithstanding any other law and except as
4 provided in Section 19596.4, a thoroughbred racing association
5 or fair may distribute the audiovisual signal and accept wagers on
6 the results of out-of-state thoroughbred races conducted in the
7 United States during the calendar period the association or fair is
8 conducting a race meeting, including days on which there is no
9 live racing being conducted by the association or fair, without the
10 consent of the organization that represents horsemen and
11 horsewomen participating in the race meeting and without regard
12 to the amount of purses. Further, the total number of thoroughbred
13 races imported by associations or fairs on a statewide basis under
14 this section shall not exceed 50 per day on days when live
15 thoroughbred or fair racing is being conducted in the state. The
16 limitation of 50 imported races per day does not apply to any of
17 the following:

1 (1) Races imported for wagering purposes pursuant to
2 subdivision (c).

3 (2) Races imported that are part of the race card of the Wood
4 Memorial, the Kentucky Derby, the Kentucky Oaks, the Preakness
5 Stakes, the Belmont Stakes, the Jockey Club Gold Cup, the Travers
6 Stakes, the Arlington Million, the Breeders' Cup, the Dubai Cup,
7 the Arkansas Derby, or the Haskell Invitational.

8 (3) Races imported into the northern zone when there is no live
9 thoroughbred or fair racing being conducted in the northern zone.

10 (4) Races imported into the combined central and southern zones
11 when there is no live thoroughbred or fair racing being conducted
12 in the combined central and southern zones.

13 (b) Any thoroughbred association or fair accepting wagers
14 pursuant to subdivision (a) shall conduct the wagering in
15 accordance with the applicable provisions of Sections 19601,
16 19616, 19616.1, and 19616.2.

17 (c) No thoroughbred association or fair may accept wagers
18 pursuant to this section on out-of-state races commencing after 7
19 p.m., Pacific standard time, without the consent of the harness or
20 quarter horse racing association that is then conducting a live racing
21 meeting in the Counties of Orange or Sacramento.

22 *SEC. 2. Section 19604 of the Business and Professions Code*
23 *is amended to read:*

24 19604. The board may authorize any racing association, racing
25 fair, betting system, or multijurisdictional wagering hub to conduct
26 advance deposit wagering in accordance with this section. Racing
27 associations, racing fairs, and their respective horsemen's
28 organizations may form a partnership, joint venture, or any other
29 affiliation in order to further the purposes of this section.

30 (a) As used in this section, the following definitions apply:

31 (1) "Advance deposit wagering" (ADW) means a form of
32 parimutuel wagering in which a person residing within California
33 or outside of this state establishes an account with an ADW
34 provider, and subsequently issues wagering instructions concerning
35 the funds in this account, thereby authorizing the ADW provider
36 holding the account to place wagers on the account owner's behalf.

37 (2) "ADW provider" means a licensee, betting system, or
38 multijurisdictional wagering hub, located within California or
39 outside this state, that is authorized to conduct advance deposit
40 wagering pursuant to this section.

1 (3) “Betting system” means a business conducted exclusively
2 in this state that facilitates parimutuel wagering on races it
3 simulcasts and other races it offers in its wagering menu.

4 (4) “Breed of racing” means as follows:

5 (A) With respect to associations and fairs licensed by the board
6 to conduct thoroughbred, fair, or mixed breed race meetings, “breed
7 of racing” shall mean thoroughbred.

8 (B) With respect to associations licensed by the board to conduct
9 quarter horse race meetings, “breed of racing” shall mean quarter
10 horse.

11 (C) With respect to associations and fairs licensed by the board
12 to conduct standardbred race meetings, “breed of racing” shall
13 mean standardbred.

14 (5) “Contractual compensation” means the amount paid to an
15 ADW provider from advance deposit wagers originating in this
16 state. Contractual compensation includes, but is not limited to, hub
17 fee payments, and may include host fee payments, if any, for
18 out-of-state and out-of-country races. Contractual compensation
19 is subject to the following requirements:

20 (A) Excluding contractual compensation for host fee payments,
21 contractual compensation shall not exceed 6.5 percent of the
22 amount wagered.

23 (B) The host fee payments included within contractual
24 compensation shall not exceed 3.5 percent of the amount wagered.
25 Notwithstanding this provision, the host fee payment with respect
26 to wagers on the Kentucky Derby, Preakness Stakes, Belmont
27 Stakes, and selected Breeders’ Cup Championship races may be
28 negotiated by the ADW provider, the racing associations accepting
29 wagers on those races pursuant to Section 19596.2, and the
30 horsemen’s organization.

31 (C) In order to ensure fair and consistent market access fee
32 distributions to associations, fairs, horsemen, and breeders, for
33 each breed of racing, the percentage of wagers paid as contractual
34 compensation to an ADW provider pursuant to the terms of a hub
35 agreement with a racing association or fair when that racing
36 association or fair is conducting live racing shall be the same as
37 the percentage of wagers paid as contractual compensation to that
38 ADW provider when that racing association or fair is not
39 conducting live racing.

1 (6) “Horsemen’s organization” means, with respect to a
2 particular racing meeting, the organization recognized by the board
3 as responsible for negotiating purse agreements on behalf of
4 horsemen participating in that racing meeting.

5 (7) “Hub agreement” means a written agreement providing for
6 contractual compensation paid with respect to advance deposit
7 wagers placed by California residents on a particular breed of
8 racing conducted outside of California. In the event a hub
9 agreement exceeds a term of two years, then an ADW provider,
10 one or more racing associations or fairs that together conduct no
11 fewer than five weeks of live racing for the breed covered by the
12 hub agreement, and the horsemen’s organization responsible for
13 negotiating purse agreements for the breed covered by the hub
14 agreement shall be signatories to the hub agreement. A hub
15 agreement is required for an ADW provider to receive contractual
16 compensation for races conducted outside of California.

17 (8) “Hub agreement arbitration” means an arbitration proceeding
18 pursuant to which the disputed provisions of the hub agreement
19 pertaining to the hub or host fees from wagers on races conducted
20 outside of California provided pursuant to paragraph (2) of
21 subdivision (b) are determined in accordance with the provisions
22 of this paragraph. If a hub agreement arbitration is requested, all
23 of the following shall apply:

24 (A) The ADW provider shall be permitted to accept advance
25 deposit wagers from California residents.

26 (B) The contractual compensation received by the ADW
27 provider shall be the contractual compensation specified in the
28 hub agreement that is the subject of the hub agreement arbitration.

29 (C) The difference between the contractual compensation
30 specified in subparagraph (B) and the contractual compensation
31 determined to be payable at the conclusion of the hub agreement
32 arbitration shall be calculated and paid within 15 days following
33 the arbitrator’s decision and order. The hub agreement arbitration
34 shall be held as promptly as possible, but in no event more than
35 60 days following the demand for that arbitration. The arbitrator
36 shall issue a decision no later than 15 days following the conclusion
37 of the arbitration. A single arbitrator jointly selected by the ADW
38 provider and the party requesting a hub agreement arbitration shall
39 conduct the hub agreement arbitration. However, if the parties
40 cannot agree on the arbitrator within seven days of issuance of the

1 written demand for arbitration, then the arbitrator shall be selected
2 pursuant to the Streamlined Arbitration Rules and Procedures of
3 the Judicial Arbitration and Mediation Services, or pursuant to the
4 applicable rules of its successor organization. In making the hub
5 agreement arbitration determination, the arbitrator shall be required
6 to choose between the contractual compensation of the hub
7 agreement agreed to by the ADW provider or whatever different
8 terms for the hub agreement were proposed by the party requesting
9 the hub agreement arbitration. The arbitrator shall not be permitted
10 to impose new, different, or compromised terms to the hub
11 agreement. The arbitrator's decision shall be final and binding on
12 the parties. If an arbitration is requested, either party may bring
13 an action in state court to compel a party to go into arbitration or
14 to enforce the decision of the arbitrator. The cost of the hub
15 agreement arbitration, including the cost of the arbitrator, shall be
16 borne in equal shares by the parties to the hub agreement and the
17 party or parties requesting a hub agreement arbitration. The hub
18 agreement arbitration shall be administered by the Judicial
19 Arbitration and Mediation Services pursuant to its Streamlined
20 Arbitration Rules and Procedures or its successor organization.

21 (9) "Incentive awards" means those payments provided for in
22 Sections 19617.2, 19617.7, 19617.8, 19617.9, and 19619. The
23 amount determined to be payable for incentive awards under this
24 section shall be payable to the applicable official registering agency
25 and thereafter distributed as provided in this chapter.

26 (10) "Licensee" means any racing association or fair licensed
27 to conduct a live racing meet in this state, or affiliation thereof,
28 authorized under this section.

29 (11) "Market access fee" means the amount of advance deposit
30 wagering handle remaining after the payment of winning wagers,
31 and after the payment of contractual compensation, if any, to an
32 ADW provider. Market access fees shall be distributed in
33 accordance with subdivision (f).

34 (12) "Multijurisdictional wagering hub" means a business
35 conducted in more than one jurisdiction that facilitates parimutuel
36 wagering on races it simulcasts and other races it offers in its
37 wagering menu.

38 (13) "Racing fair" means a fair authorized by the board to
39 conduct live racing.

1 (14) “Zone” means the zone of the state, as defined in Section
2 19530.5, except as modified by the provisions of subdivision (f)
3 of Section 19601. For these purposes, the central and southern
4 zones shall together be considered one zone.

5 (b) Wagers shall be accepted according to the procedures set
6 forth in this subdivision.

7 (1) No ADW provider shall accept wagers or wagering
8 instructions on races conducted in California from a resident of
9 California unless all of the following conditions are met:

10 (A) The ADW provider is licensed by the board.

11 (B) A written agreement allowing those wagers exists with the
12 racing association or fair conducting the races on which the wagers
13 are made.

14 (C) The agreement referenced in subparagraph (B) shall have
15 been approved in writing by the horsemen’s organization
16 responsible for negotiating purse agreements for the breed on
17 which the wagers are made in accordance with the Interstate
18 Horseracing Act (15 U.S.C. Sec. 3001 et seq.), regardless of the
19 location of the ADW provider, whether in California or otherwise,
20 including, without limitation, any and all requirements contained
21 therein with respect to written consents and required written
22 agreements of horsemen’s groups to the terms and conditions of
23 the acceptance of those wagers and any arrangements as to the
24 exclusivity between the host racing association or fair and the
25 ADW provider. For purposes of this subdivision, the substantive
26 provisions of the Interstate Horseracing Act shall be taken into
27 account without regard to whether, by its own terms, that act is
28 applicable to advance deposit wagering on races conducted in
29 California accepted from residents of California.

30 (2) No ADW provider shall accept wagers or wagering
31 instructions on races conducted outside of California from a
32 resident of California unless all of the following conditions are
33 met:

34 (A) The ADW provider is licensed by the board.

35 (B) There is a hub agreement between the ADW provider and
36 one or both of (i) one or more racing associations or fairs that
37 together conduct no fewer than five weeks of live racing on the
38 breed on which wagering is conducted during the calendar year
39 during which the wager is placed, and (ii) the horsemen’s

1 organization responsible for negotiating purse agreements for the
2 breed on which wagering is conducted.

3 (C) If the parties referenced in clauses (i) and (ii) of
4 subparagraph (B) are both signatories to the hub agreement, then
5 no party shall have the right to request a hub agreement arbitration.

6 (D) If only the party or parties referenced in clause (i) of
7 subparagraph (B) is a signatory to the hub agreement, then the
8 signatories to the hub agreement shall, within five days of
9 execution of the hub agreement, provide a copy of the hub
10 agreement to the horsemen's organization responsible for
11 negotiating purse agreements for the breed on which wagering is
12 conducted for each race conducted outside of California on which
13 California residents may place advance deposit wagers. ~~Prior to~~
14 *Before* receipt of the hub agreement, the horsemen's organization
15 shall sign a nondisclosure agreement with the ADW provider
16 agreeing to hold confidential all terms of the hub agreement. If the
17 horsemen's organization wants to request a hub agreement
18 arbitration, it shall send written notice of its election to the
19 signatories to the hub agreement within 10 days after receipt of
20 the copy of the hub agreement, and shall provide its alternate
21 proposal to the hub and host fees specified in the hub agreement
22 with that written notice. If the horsemen's organization does not
23 provide that written notice within the 10-day period, then no party
24 shall have the right to request a hub agreement arbitration. If the
25 horsemen's organization does provide that written notice within
26 the 10-day period, then the ADW provider shall have 10 days to
27 elect in writing to do one of the following:

28 (i) Abandon the hub agreement.

29 (ii) Accept the alternate proposal submitted by the horsemen's
30 organization.

31 (iii) Proceed with a hub agreement arbitration.

32 (E) If only the party referenced in clause (ii) of subparagraph
33 (B) is a signatory to the hub agreement, then the signatories to the
34 hub agreement shall, within five days of execution of the hub
35 agreement, provide written notice of the host and hub fees
36 applicable pursuant to the hub agreement for each race conducted
37 outside of California on which California residents may place
38 advance deposit wagers, which notice shall be provided to all
39 racing associations and fairs conducting live racing of the same
40 breed covered by the hub agreement. If any racing association or

1 fair wants to request a hub agreement arbitration, it shall send
2 written notice of its election to the signatories to the hub agreement
3 within 10 days after receipt of the notice of host and hub fees. It
4 shall also provide its alternate proposal to the hub and host fees
5 specified in the hub agreement with the notice of its election. If
6 more than one racing association or fair provides notice of their
7 request for hub agreement arbitration, those racing associations or
8 fairs, or both, shall have a period of five days to jointly agree upon
9 which of their alternate proposals shall be the official proposal for
10 purposes of the hub agreement arbitration. If one or more racing
11 associations or fairs that together conduct no fewer than five weeks
12 of live racing on the breed on which wagering is conducted during
13 the calendar year during which the wager is placed does not provide
14 written notice of their election to arbitrate within the 10-day period,
15 then no party shall have the right to request a hub agreement
16 arbitration. If a valid hub agreement arbitration request is made,
17 then the ADW provider shall have 10 days to elect in writing to
18 do one of the following:

- 19 (i) Abandon the hub agreement.
 - 20 (ii) Accept the alternate proposal submitted by the racing
21 associations or fairs.
 - 22 (iii) Proceed with a hub agreement arbitration.
- 23 The results of any hub agreement arbitration elected pursuant
24 to this subdivision shall be binding on all other associations and
25 fairs conducting live racing on that breed.

26 (F) The acceptance thereof is in compliance with the provisions
27 of the Interstate Horseracing Act (15 U.S.C. Sec. 3001 et seq.),
28 regardless of the location of the ADW provider, whether in
29 California or otherwise, including, without limitation, any and all
30 requirements contained therein with respect to written consents
31 and required written agreements of horsemen's groups to the terms
32 and conditions of the acceptance of the wagers and any
33 arrangements as to the exclusivity between the host racing
34 association or fair and the ADW provider.

35 (c) An advance deposit wager may be made only by the ADW
36 provider holding the account pursuant to wagering instructions
37 issued by the owner of the funds communicated by telephone call
38 or through other electronic media. The ADW provider shall ensure
39 the identification of the account's owner by using methods and
40 technologies approved by the board. Any ADW provider that

1 accepts wagering instructions concerning races conducted in
2 California, or accepts wagering instructions originating in
3 California, shall provide a full accounting and verification of the
4 source of the wagers thereby made, including the postal ZIP Code
5 and breed of the source of the wagers, in the form of a daily
6 download of parimutuel data to a database designated by the board.
7 The daily download shall be delivered in a timely basis using file
8 formats specified by the database designated by the board, and
9 shall include any and all data necessary to calculate and distribute
10 moneys according to the rules and regulations governing California
11 parimutuel wagering. Any and all reasonable costs associated with
12 the creation, provision, and transfer of this data shall be borne by
13 the ADW provider.

14 (d) (1) (A) The board shall develop and adopt rules to license
15 and regulate all phases of operation of advance deposit wagering
16 for ADW providers operating in California, including advance
17 deposit wagering activity that takes place within a minisatellite
18 wagering facility. The board may recover any costs associated
19 with the licensing or regulation of advance deposit wagering
20 activities in a minisatellite wagering facility either directly from
21 the ADW provider or through an appropriate increase in the
22 funding formula devised by the board pursuant to paragraph (1)
23 of subdivision (a) of Section 19616.51.

24 (B) The board shall not approve an application for an original
25 or renewal license as an ADW provider unless the entity, if
26 requested in writing by a bona fide labor organization no later than
27 90 days ~~prior to~~ *before* licensing, has entered into a contractual
28 agreement with that labor organization that provides all of the
29 following:

30 (i) The labor organization has historically represented employees
31 who accept or process any form of wagering at the nearest horse
32 racing meeting located in California.

33 (ii) The agreement establishes the method by which the ADW
34 provider will agree to recognize and bargain in good faith with a
35 labor organization ~~which~~ *that* has demonstrated majority status by
36 submitting authorization cards signed by those employees who
37 accept or process any form of wagering for which a California
38 ADW license is required.

39 (iii) The agreement requires the ADW provider to maintain its
40 neutrality concerning the choice of those employees who accept

1 or process any form of wagering for which a California ADW
2 license is required whether or not to authorize the labor
3 organization to represent them with regard to wages, hours, and
4 other terms and conditions of employment.

5 (iv) The agreement applies to those classifications of employees
6 who accept or process wagers for which a California ADW license
7 is required whether the facility is located within or outside of
8 California.

9 (C) (i) The agreement required by subparagraph (B) shall not
10 be conditioned by either party upon the other party agreeing to
11 matters outside the requirements of subparagraph (B).

12 (ii) The requirement in subparagraph (B) shall not apply to an
13 ADW provider ~~which~~ *that* has entered into a collective bargaining
14 agreement with a bona fide labor organization that is the exclusive
15 bargaining representative of employees who accept or process
16 parimutuel wagers on races for which an ADW license is required
17 whether the facility is located within or outside of California.

18 (D) Permanent state or county employees and nonprofit
19 organizations that have historically performed certain services at
20 county, state, or district fairs may continue to provide those
21 services.

22 (E) Parimutuel clerks employed by racing associations or fairs
23 or employees of ADW providers who accept or process any form
24 of wagers who are laid off due to lack of work shall have
25 preferential hiring rights for new positions with their employer in
26 occupations whose duties include accepting or processing any
27 form of wagers, or the operation, repair, service, or maintenance
28 of equipment that accepts or processes any form of wagering at a
29 racetrack, satellite wagering facility, or ADW provider licensed
30 by the board. The preferential hiring rights established by this
31 subdivision shall be conditioned upon the employee meeting the
32 minimum qualification requirements of the new job.

33 (2) The board shall develop and adopt rules and regulations
34 requiring ADW providers to establish security access policies and
35 safeguards, including, but not limited to, the following:

36 (A) The ADW provider shall use board-approved methods to
37 perform location and age verification confirmation with respect
38 to persons establishing an advance deposit wagering account.

1 (B) The ADW provider shall use personal identification numbers
2 (PINs) or other technologies to assure that only the accountholder
3 has access to the advance deposit wagering account.

4 (C) The ADW provider shall provide for withdrawals from the
5 wagering account only by means of a check made payable to the
6 accountholder and sent to the address of the accountholder or by
7 means of an electronic transfer to an account held by the verified
8 accountholder or the accountholder may withdraw funds from the
9 wagering account at a facility approved by the board by presenting
10 verifiable account identification information.

11 (D) The ADW provider shall allow the board access to its
12 premises to visit, investigate, audit, and place expert accountants
13 and other persons it deems necessary for the purpose of ensuring
14 that its rules and regulations concerning credit authorization,
15 account access, and other security provisions are strictly complied
16 with. To ensure that the amounts retained from the parimutuel
17 handle are distributed under law, rules, or agreements, any ADW
18 provider that accepts wagering instructions concerning races
19 conducted in California or accepts wagering instructions originating
20 in California shall provide an independent “agreed-upon
21 procedures” audit for each California racing meeting, within 60
22 days of the conclusion of the race meeting. The auditing firm to
23 be used and the content and scope of the audit, including host fee
24 obligations, shall be set forth in the applicable agreement. The
25 ADW provider shall provide the board, horsemen’s organizations,
26 and the host racing association with an annual parimutuel audit of
27 the financial transactions of the ADW provider with respect to
28 wagers authorized pursuant to this section, prepared in accordance
29 with generally accepted auditing standards and the requirements
30 of the board. Any and all reasonable costs associated with those
31 audits shall be borne by the ADW provider.

32 (3) The board shall prohibit advance deposit wagering
33 advertising that it determines to be deceptive to the public. The
34 board shall also require, by regulation, that every form of
35 advertising contain a statement that minors are not allowed to open
36 or have access to advance deposit wagering accounts.

37 (e) In order for a licensee, betting system, or multijurisdictional
38 wagering hub to be approved by the board as an ADW provider,
39 it shall meet both of the following requirements:

1 (1) All wagers thereby made shall be included in the appropriate
2 parimutuel pool under a contractual agreement with the applicable
3 host track.

4 (2) The amounts deducted from advance deposit wagers shall
5 be in accordance with the provisions of this chapter.

6 (f) After the payment of contractual compensation, the amounts
7 received as market access fees from advance deposit wagers, which
8 shall not be considered for purposes of Section 19616.51, shall be
9 distributed as follows:

10 (1) An amount equal to 0.0011 multiplied by the amount handled
11 on advance deposit wagers originating in California for each racing
12 meeting shall be distributed to the Center for Equine Health to
13 establish the Kenneth L. Maddy Fund for the benefit of the School
14 of Veterinary Medicine at the University of California at Davis.

15 (2) An amount equal to 0.0003 multiplied by the amount handled
16 on advance deposit wagers originating in California for each racing
17 meeting shall be distributed to the Public Employment Relations
18 Board to cover costs associated with audits conducted pursuant to
19 Section 19526 and for the purposes of reimbursing the State
20 Mediation and Conciliation Service for costs incurred pursuant to
21 this section. However, if that amount would exceed the costs of
22 the Public Employment Relations Board, the amount distributed
23 to that board shall be reduced, and that reduction shall be forwarded
24 to an organization designated by the racing association or fair
25 described in subdivision (a) for the purpose of augmenting a
26 compulsive gambling prevention program specifically addressing
27 that problem.

28 (3) An amount equal to 0.00165 multiplied by the amount
29 handled on advance deposit wagers that originate in California for
30 each racing meeting shall be distributed as follows:

31 (A) One-half of the amount shall be distributed to supplement
32 the trainer-administered pension plans for backstretch personnel
33 established pursuant to Section 19613. Moneys distributed pursuant
34 to this subparagraph shall supplement, and not supplant, moneys
35 distributed to that fund pursuant to Section 19613 or any other
36 ~~provision of law.~~

37 (B) One-half of the amount shall be distributed to the welfare
38 fund established for the benefit of horsemen and backstretch
39 personnel pursuant to subdivision (b) of Section 19641. Moneys
40 distributed pursuant to this subparagraph shall supplement, and

1 not supplant, moneys distributed to that fund pursuant to Section
2 19641 or any other ~~provision of law~~.

3 (4) With respect to wagers on each breed of racing that originate
4 in California, an amount equal to 2 percent of the first two hundred
5 fifty million dollars (\$250,000,000) of handle from all advance
6 deposit wagers originating from within California annually, an
7 amount equal to 1.5 percent of the next two hundred fifty million
8 dollars (\$250,000,000) of handle from all advance deposit wagers
9 originating from within California annually, an amount equal to
10 1 percent of the next two hundred fifty million dollars
11 (\$250,000,000) of handle from all advance deposit wagers
12 originating from within California annually, and an amount equal
13 to 0.50 percent of handle from all advance deposit wagers
14 originating from within California in excess of seven hundred fifty
15 million dollars (\$750,000,000) annually, shall be distributed as
16 satellite wagering commissions. Satellite wagering facilities that
17 were not operational in 2001, other than one each in the Cities of
18 Inglewood and San Mateo, and two additional facilities each
19 operated by the Alameda County Fair and the Los Angeles County
20 Fair and their partners and other than existing facilities ~~which that~~
21 are relocated, are not eligible for satellite wagering commission
22 distributions under this section. The satellite wagering facility
23 commissions calculated in accordance with this subdivision shall
24 be distributed to each satellite wagering facility and racing
25 association or fair in the zone in which the wager originated in the
26 same relative proportions that the satellite wagering facility or the
27 racing association or fair generated satellite commissions during
28 the previous calendar year. If there is a reduction in the satellite
29 wagering commissions pursuant to this section, the benefits
30 therefrom shall be distributed equitably as purses and commissions
31 to all associations and racing fairs generating advance deposit
32 wagers in proportion to the handle generated by those associations
33 and racing fairs. If a satellite wagering facility is permanently
34 closed other than for renovation or remodeling, or if a satellite
35 wagering facility is unwilling or unable to accept all of the signals
36 that are available to that facility, the commissions otherwise
37 provided for in this subdivision that would be payable to that
38 facility shall be proportionately reduced to take into account the
39 time that satellite wagering is no longer conducted by that facility,
40 or the payment of those commissions shall be eliminated entirely

1 if the facility is permanently closed, and, in either case, the satellite
2 wagering commissions not paid shall be proportionately
3 redistributed to the other eligible satellite wagering facilities. For
4 purposes of this section, the purse funds distributed pursuant to
5 Section 19605.72 shall be considered to be satellite wagering
6 facility commissions attributable to thoroughbred races at the
7 locations described in that section.

8 (5) After the distribution of the amounts set forth in paragraphs
9 (1) to (4), inclusive, the remaining market access fees from advance
10 deposit wagers originating in California shall be as follows:

11 (A) With respect to wagers on each breed of racing, the amount
12 remaining shall be distributed to the racing association or fair that
13 is conducting live racing on that breed during the calendar period
14 in the zone in which the wager originated. That amount shall be
15 allocated to that racing association or fair as commissions, to
16 horsemen participating in that racing meeting in the form of purses,
17 and as incentive awards, in the same relative proportion as they
18 were generated or earned during the prior calendar year at that
19 racing association or fair on races conducted or imported by that
20 racing association or fair after making all deductions required by
21 applicable law. Notwithstanding any other ~~provision of~~ law, the
22 distributions with respect to each breed of racing set forth in this
23 subparagraph may be altered upon the approval of the board, in
24 accordance with an agreement signed by the respective
25 associations, fairs, horsemen's organizations, and breeders
26 organizations receiving those distributions.

27 (B) If the provisions of Section 19601.2 apply, then the amount
28 distributed to the applicable racing associations or fairs shall first
29 be divided between those racing associations or fairs in direct
30 proportion to the total amount wagered in the applicable zone on
31 the live races conducted by the respective association or fair.
32 Notwithstanding this requirement, when the provisions of
33 subdivision (b) of Section 19607.5 apply to the 2nd District
34 Agricultural Association in Stockton or the California Exposition
35 and State Fair in Sacramento, then the total amount distributed to
36 the applicable racing associations or fairs shall first be divided
37 equally, with 50 percent distributed to applicable fairs and 50
38 percent distributed to applicable associations.

39 (C) Notwithstanding any provisions of this section to the
40 contrary, with respect to wagers on out-of-state and out-of-country

1 thoroughbred races conducted after 6 p.m., Pacific time, 50 percent
2 of the amount remaining shall be distributed as commissions to
3 thoroughbred associations and racing fairs, as thoroughbred and
4 fair purses, and as incentive awards in accordance with
5 subparagraph (A), and the remaining 50 percent, together with the
6 total amount remaining from advance deposit wagering originating
7 from California out-of-state and out-of-country harness and quarter
8 horse races conducted after 6 p.m., Pacific time, shall be distributed
9 as commissions on a pro rata basis to the applicable licensed
10 quarter horse association and the applicable licensed harness
11 association, based upon the amount handled in state, both on- and
12 off-track, on each ~~breed's own~~ *association's* live races in the
13 previous year by that association, or its predecessor association.
14 One-half of the amount ~~thereby~~ received by each association shall
15 be retained by that association as a commission, and the other half
16 of the money received shall be distributed as purses to the
17 horsemen participating in its current or next scheduled licensed
18 racing meeting.

19 (D) Notwithstanding any provisions of this section to the
20 contrary, with respect to wagers on out-of-state and out-of-country
21 nonthoroughbred races conducted before 6 p.m., Pacific time, 50
22 percent of the amount remaining shall be distributed as
23 commissions as provided in subparagraph (C) for licensed quarter
24 horse and harness associations, and the remaining 50 percent shall
25 be distributed as commissions to the applicable thoroughbred
26 associations or fairs, as thoroughbred and fair purses, and as
27 incentive awards in accordance with subparagraph (A).

28 (E) Notwithstanding any provision of this section to the contrary,
29 the distribution of market access fees pursuant to this subparagraph
30 may be altered upon the approval of the board, in accordance with
31 an agreement signed by all parties whose distributions would be
32 affected.

33 (g) A racing association, a fair, a satellite wagering facility, or
34 a minisatellite wagering facility may enter into an agreement with
35 an ADW provider to accept and facilitate the placement of any
36 wager from a patron at its facility that a California resident could
37 make through that ADW provider. Deductions from wagers made
38 pursuant to the agreement shall be distributed in accordance with
39 the provisions of this chapter governing wagers placed at that
40 facility, except that the board may authorize alternative

1 distributions as agreed to by the ADW provider, the operator of
2 the facility accepting the wager, the association or fair conducting
3 that breed of racing in the zone where the wager is placed, and the
4 respective horsemen's organization.

5 (h) Any issues concerning the interpretation or application of
6 this section shall be resolved by the board.

7 (i) Amounts distributed under this section shall be proportionally
8 reduced by an amount equal to 0.00295 multiplied by the amount
9 handled on advance deposit wagers originating in California for
10 each racing meeting, except for harness racing meetings, provided
11 that the amount of this reduction shall not exceed two million
12 dollars (\$2,000,000). The method used to calculate the reduction
13 in proportionate share shall be approved by the board. The amount
14 deducted shall be distributed as follows:

15 (1) Fifty percent of the money to the board to establish and to
16 administer jointly with the organization certified as the majority
17 representative of California-licensed jockeys pursuant to Section
18 19612.9, a defined contribution retirement plan for
19 California-licensed jockeys who retired from racing on or after
20 January 1, 2009.

21 (2) The remaining 50 percent of the money shall be distributed
22 as follows:

23 (A) Seventy percent shall be distributed to supplement the
24 trainer-administered pension plans for backstretch personnel
25 established pursuant to Section 19613. Moneys distributed pursuant
26 to this subparagraph shall supplement, and not supplant, moneys
27 distributed to that fund pursuant to Section 19613 or any other
28 ~~provision of law.~~

29 (B) Thirty percent shall be distributed to the welfare fund
30 established for the benefit of horsemen and backstretch personnel
31 pursuant to subdivision (b) of Section 19641. Moneys distributed
32 pursuant to this subparagraph shall supplement, and not supplant,
33 moneys distributed to that fund pursuant to Section 19641 or any
34 ~~other provision of law.~~

35 (j) Amounts distributed under this section shall be proportionally
36 reduced by an amount equal to 0.00295 multiplied by the amount
37 handled on advance deposit wagers originating in California for
38 each harness racing meeting, provided that the amount of this
39 reduction shall not exceed five hundred thousand dollars
40 (\$500,000). The method used to calculate the reduction in

1 proportionate share shall be approved by the board. The amount
2 deducted shall be distributed as follows:

3 (1) First to the welfare fund established for the benefit of
4 horsemen and backstretch personnel, pursuant to subdivision (b)
5 of Section 19641, and administered by the organization
6 representing the horsemen participating in the race meeting, in the
7 amount requested by the welfare fund. Moneys distributed pursuant
8 to this paragraph shall supplement, and not supplant, moneys
9 distributed to that fund pursuant to Section 19641 or any other
10 ~~provision of law.~~

11 (2) The amount remaining, if any, shall be utilized for the benefit
12 of the horsemen as specified in a written agreement between the
13 racing association that conducts the live harness race meeting and
14 the organization representing the horsemen participating in the
15 race meeting.